A UNITED STATES
DEPARTMENT OF
COMMERCE
PUBLICATION

FOREIGN AFFILIATE FINANCIAL SURVEY 1966-1969

Statistical Data Collected by The Office of Foreign Direct Investments and Interpretive Analysis

U.S. DEPARTMENT OF COMMERCE
Office of Foreign Direct Investments

JULY 1971

Foreign Affiliate Financial Survey, 1966-1969

By Philip D. Berlin*
Senior Economic Advisor
Office of Foreign Direct Investments

Summary

This study is based on an analysis of 1966-69 balance sheet data of the majority-owned affiliates of 469 U. S. direct investors filing Form FDI-105 with the Office of Foreign Direct Investment in 1969 and 1970. The statistics supersede those published by OFDI on July 2, 1970,** and incorporate the 1967-68 data on which that survey was based. As in the July 2 survey, the present sample of 469 firms includes all direct investors whose 1969 direct investment quotas under the Foreign Direct Investment Program were over $1 million, or who made long-term foreign borrowings of at least $5 million between the beginning of 1965 and the end of 1968. The sample for the four years covered is somewhat smaller than that covered in the July 2 survey.

The study was primarily designed to determine to what extent affiliate borrowing from foreigners in 1968 and 1969 exceeded what would have occurred in the absence of the Foreign Direct Investment Program. The analysis also examines changing relationships in sources and uses of affiliate funds during the period studied, and attempts to establish which of the observed changes in these relationships may have been attributable to the Foreign Direct Investment Program. Finally, the study seeks to determine how the Program may have influenced affiliate asset formation, if at all, by relating changes in affiliate assets to other data--mainly revenue data--provided by direct investors in the FDI-105 reports.

The study must be regarded as preliminary because, with one exception, it is based only on data from FDI-105 reports. It thus does not take into account U. S. and foreign interest rates, affiliate or parent profits, or domestic data, such as sales of the parent firm, which might influence the growth and financing of foreign investments. The study does not establish

* Guy V. G. Stevens of the Division of Research and Statistics of the Federal Reserve Board provided considerable assistance in the development of this study and made important suggestions pertaining to the form of the data base. Robert Burke of OFDI did the computer programming. Conclusions and any errors remain the responsibility of the author alone.

** Foreign Affiliate Financial Survey, 1967-1968, U. S. Department of Commerce, Office of Foreign Direct Investments, July 2, 1970.

fully satisfactory explanations for foreign investment behavior, particularly for investments in fixed assets. Moreover, there are indications that the behavior of direct investors surveyed may depend on the size of parent firms' total foreign assets. We have not, however, been able to find a consistent or clear-cut relationship between size and financial behavior, and since the conclusions are strongly influenced by the behavior of the largest direct investors in the survey, they should be used with care.

The results of the study suggest that in 1968 and 1969, because of direct or indirect "pressure" from the Program, direct investors may have expanded the current assets of their foreign affiliates somewhat more than they otherwise would have, at the same time reducing the rate of affiliate fixed asset formation. Although the statistical results are somewhat unclear, it is possible that the Program encouraged foreign affiliates to borrow directly from foreigners and hold the proceeds as cash balances (current assets) rather than commit them to fixed asset formation.

Analysis of affiliate financing patterns showed that the Program may have induced affiliates to borrow about $1.4 billion more in 1968-1969 from foreign sources than they otherwise would have (assuming that Program-induced increases in current assets and decreases in fixed assets were roughly equal). Practically all of this "excess" borrowing arose from a stretch-out of affiliate payables to third parties (non-interest-bearing liabilities).

I. Introduction

Although the Program controls encourage direct investors to borrow abroad to finance their direct investment activities, restrictions do not apply to increases in affiliate assets financed by direct borrowing by the foreign affiliates themselves.

Strictly speaking, there is no reason for direct investors to have their foreign affiliates incur any "extraordinary" debt if the parents can borrow more easily and at more favorable rates in the same foreign capital markets. Nevertheless, in some circumstances the parent may prefer to see affiliate borrowing finance a larger than customary share of increases in affiliate assets. For example, the affiliate might be able to borrow incremental funds at more favorable rates than its parent; the most obvious such case would be through a stretch-out in affiliate payables, essentially interest-free funds. In addition, although the Program places certain requirements on foreign borrowing by parent firms if such borrowing is to qualify under the Program, these do not apply to foreign affiliate borrowing, which may give some stimulus to borrowing by affiliates.

The present study seeks primarily to establish the extent to which foreign affiliate borrowing may have been induced by the Program. It attempts, by way of an econometric "model," to describe the relationship between changes in affiliate assets (uses of funds) and changes in the types of financing from parents or other (foreign) sources of funds which existed before the inception of the mandatory Program to determine if, and how, the Program influenced these relationships during its first two years, 1968 and 1969.

Thus the study examines several rather substantial financial flows which occurred at the time of the inception of the Program in light of the "model" to see if these flows can be attributed to factors other than the direct investment program. While the use of a model might seem unnecessarily sophisticated in a study limiting itself to the FDI-105 data, this approach was taken to ensure that any unusual changes in real asset accumulation or financial flows which might in fact be due to unrelated circumstances--such as sharp changes in affiliate revenues coinciding with the inception of the mandatory Program--were not attributed to the Program itself.

The study also seeks to measure the extent to which the Program itself was responsible for reducing or otherwise altering the growth of affiliate assets, however financed. Unfortunately, this portion of the analysis is both less extensive and less satisfactory than that identifying financial behavior, and further analysis using other data sources remains to be done.

The sample of firms in the present survey was reduced somewhat from that in the earlier survey. Only firms included in the earlier survey were asked to file 1966 and 1969 data in the 1970 FDI-105 report. Somewhat fewer firms were covered (469 as compared with 515* in the July, 1970 survey), primarily because they did not meet the reporting requirement or had merged, or because the firm ceased to be a direct investor. The present sample covers the same 469 firms for the four-year period and represents 1968 foreign affiliate assets of $64.0 billion (Table Ia) as compared with $65.1 billion in last year's survey. Canadian affiliates covered had 1968 assets of $19.5 billion as compared with $19.9 billion in last year's sample.

Direct investors' share of total foreign affiliate assets in 1969 (including Canada) amounted to $53.9 billion (Table Ia), which compares with the figure of $70.8 billion published by the Office of Business Economics.**

* Erroneously reported as 561 in that survey.

** Survey of Current Business, Vol. 50, No. 10, Oct. 1970.

The Office of Business Economics figure is an expansion to estimated universe size from their sample although, since the Office of Business Economics did not expand its data on sources and uses of funds, OFDI's statistics on sources and uses of funds are closer to those published by OBE (and in fact somewhat larger). In addition, supposedly comparable OFDI and OBE data may also differ because of differences in definitions and in the types of reporters covered by the sample (OBE's 450-firm sample includes only mining and smelting, petroleum, and manufacturing). Finally, unlike the OFDI data, the OBE data do not include flows resulting from acquisitions, and branch earnings left abroad are treated as retained earnings, contrary to their treatment in balance of payments accounts, while OFDI treats them as parent funds, which is consistent with balance of payments treatment.

II. Uses of Funds and Asset Structures of Affiliates

Current Assets

From a value roughly equal to net fixed assets in 1966 (see Table Ia) current assets in the scheduled areas* increased to a point where, in 1969, they were 15 percent greater than net fixed assets. During this period the total increase in current assets (i.e., inventories, receivables and cash balances) amounted to $12.3 billion, a growth rate of 54 percent. $9.8 billion of this increase occurred between 1967 (the last year before the imposition of the Program) and 1969; the growth rate in those years was 38 percent. This compared with a 23 percent growth rate in net fixed assets between 1967 and 1969. This growth of current assets relative to the slower growth of net fixed assets seems rather peculiar, since current assets financed by parent funds are no less subject to Program restrictions than fixed assets. It is possible that affiliates may have borrowed heavily from foreign lenders after the inception of the Program with the intention of using the funds for fixed investments at a later date. Such funds, held as cash balances, would be much like the available proceeds resulting from parent borrowings not immediately used for direct investment purposes.

In this context, however, it is important to note that during the period of rapid growth in current assets there was also substantial growth in affiliate revenues--while current assets grew 38 percent from 1967 to 1969, affiliate revenues rose 33 percent. In general, it should not be surprising to find a fairly close relationship between current assets and revenues; as revenues rise, inventories and receivables increase as well.

---

* For purposes of regulation under the Program, the world is divided into three "scheduled areas" which are subject to controls of varying degrees of stringency. The scheduled areas include all countries of the world except Canada.

The relationship between current assets and revenues was tested for a cross-section of FDI-105 reporters in an equation relating changes in current assets to (a) changes in current revenues; (b) the previous year's revenues; and (c) the previous year's current assets.1/* The coefficients of the equation for 1967 were used to project what current assets would have been in 1968 and 1969 if the mandatory Program had not been in existence. It was found that the actual increase in current assets exceeded the predicted increases by about $280 million in 1968 and about $980 million in 1969. The $1.3 billion "excess" increase in current assets represents 13 percent of the total $9.8 billion actual increase in 1968 and 1969. Some of the excess increase in current assets may have been induced by the mandatory Program.

That the Program may have been responsible for current asset formation in excess of what might otherwise have taken place is in fact substantiated (at least in part) by collateral results to be discussed more extensively below. In this context it is relevant that to the extent that proceeds of affiliates' foreign borrowing were held as cash balances (current assets) after the inception of the Program, rather than being used for fixed asset accumulation, the proportion of increases in current assets financed by affiliate borrowings should itself show an increase. Statistical results taking account of this relationship in fact show a sharp rise in 1969 (although a small drop in 1968). For this reason, it appears that at least some of the $980 million excess in the 1969 increase in current assets over the amount predicted was attributable to the Program; it is less likely that much of the 1968 growth in current assets was Program-linked.

However, there is room for doubt that even this $980 million "excess" increase in current assets was totally attributable to the Program, since the equation formalizing the relationship between current asset changes and revenues, although the best for the data available, was nevertheless a relatively ill-fitting one and should not be regarded as particularly reliable. Moreover, predictions based upon cross-section, firm-by-firm data have themselves often proved to be quite unreliable.

There was also some evidence that increases in current assets may have been in the form of receivables rather than cash balances, and that the growth of these receivables was financed through increases in foreign affiliate payables as a part of a general overall tendency for payables (and thus receivables) to be stretched out during a period of tight money.

---

* Numbered footnotes are of a technical nature and are found in the rear of the text.

Finally, ranking direct investors by the size of the total increase in affiliate assets relative to quotas under the Program gave little indication that direct investors subject to the greatest amount of "program pressure" behaved differently from those which faced no such pressure. Current assets for all direct investors taken together grew 70 percent more than fixed assets over 1968-69; current assets of those direct investors facing the greatest amount of program pressure grew 63 percent more. Moreover, firms under program pressure did not increase their reliance on foreign funds to finance current assets to quite the extent that all direct investors taken together did.2/

The Program was apparently not responsible for any measurable weakening in the aggregate liquidity of foreign affiliates. Working capital (defined as current assets less short-term affiliate liabilities to others than the parent) rose from $6.3 billion in 1966 to $9.3 billion in 1969. The net quick ratio (working capital divided by current affiliate liabilities to others) fell slightly from an average of 59.5 percent in 1966-67 to 58.6 percent in 1968 and 56.0 percent in 1969. This slight deterioration in the net quick ratio, however, is considerably less than that which took place in the U. S. over the same period.

Fixed Assets

Net fixed assets of FDI-105 reporters grew 23 percent from 1966 to 1969, while current assets increased 38 percent. This discrepancy may in itself indicate that the Program had some negative impact on fixed asset formation, perhaps as direct investors slowed the rate of plant and equipment expenditures in order to build up their affiliates' cash positions because of uncertainty as to how the Program would in fact evolve.

An attempt was made to relate changes in net fixed assets to other variables for which data were readily available from the FDI-105 to determine whether and in what way the Program may have affected these relationships. In particular, various possible relationships between affiliate revenues and plant and equipment expenditures were tested.3/

These tests, even where adjustments were made to compensate for differences in the capital structure of the foreign affiliates by stratifying the data according to average ratios of affiliates' invested capital to revenues, were not very conclusive. Direct investors with foreign affiliates having unusual capital structures were therefore separated out, and the remaining 206 direct investors whose foreign affiliates had revenues ranging between one and four times fixed assets were examined separately; this group represented 83 percent of the fixed assets of the foreign affiliates under study.

It was found that these affiliates were apparently expanding net fixed investments by about 16 percent per annum. When revenue growth rates exceeded 12 percent per annum, net fixed investment growth rates tended to exceed 16 percent, and when revenue growth rates were below 12 percent, net fixed investment growth rates tended to be less than 16 percent (see Footnote 3).

This seems to give indirect support to the view that direct investors may be more interested in expanding their foreign market shares than in the immediate profitability of their investments. However, it should be remembered that the data lump together all majority-owned affiliates for each direct investor. Moreover, the analysis has not taken into account foreign or domestic profit rates, domestic sales, or foreign and domestic interest rates. The results should thus be regarded as no more than tentative.

The 1968 and 1969 results indicate that the 206 direct investors in question reduced the rate of expansion of net fixed assets to 9 percent and 8 percent, respectively, from 16 percent in 1967.4/

Using 1967 relationships between net fixed asset expansion and revenues to predict 1968 and 1969 values, given the growth of affiliate revenues in those years, may be misleading for the reasons mentioned. In any case, actual plant and equipment expenditures for 1968 and 1969 were considerably below those predicted on the basis of 1967 results. Because of the uncertainty of these results, absolute magnitudes are not presented here.

However, an indirect approximation of the amount of fixed asset expansion which might have taken place in 1968 and 1969 in the absence of the Program can be derived by multiplying combined 1968-1969 total assets ($137 billion, adjusted to $135.8 billion to allow for "excess" current asset expansion of $1.3 billion) by the average 1966-67 ratio of fixed to total assets, 44.2 percent. The result, $60.0 billion, was $1.8 billion greater than the actual 1968-69 combined total, $58.2 billion. Before this difference is accepted as anything but a tentative indication of Program impact, however, the excluded variables mentioned above must be taken into account.

III. Sources of Funds and Liability Structure of Affiliates

As previously explained, the main effect of the Program has been to increase the amount of borrowing by parent companies from foreign capital markets. The task of this analysis of affiliate liability structures is essentially to determine the amount of affiliate borrowing which may have been induced by the Program. This estimate is based on structural relationships found to exist between uses of affiliate funds and sources of such funds in 1967, the year before the Program was introduced. Taking changes in the different types of foreign assets (uses of funds) in 1968 and 1969 as given, the 1967 structural relationships for sources and uses of affiliate funds were applied to the relevant values for 1968 and 1969 uses of funds to determine what the different sources of funds would have been

had the pre-Program relationships continued.5/ The differences between the values thus derived and those actually observed were assumed to have been induced by the Program.

The Model

The model which provided the best explanation of the structural relationships involved in the financial behavior of direct investors was a modified "portfolio" model. The basic working hypothesis of this model is the assumption that there is an identifiable and continuing relationship between different types of real foreign asset holdings and the affiliate liabilities which finance these assets. Annual flows (sources and uses) of funds are assumed to be consistent with these relationships. In other words, it is assumed that for a given change in a particular affiliate asset (i.e., plant and equipment, current assets, etc.) there will be an associated change in a particular affiliate liability (such as short- or long-term liabilities to others, to the parent, etc.).

This model was chosen in the belief that direct investors tend to finance specific foreign assets with funds from different sources so as to minimize the direct investors' financial exposure to various events over which they have no control. For example, changes in the exchange rate for a given local currency will affect the value of the investment position of the direct investor depending on the mix of assets and liabilities which he has denominated in that currency. At the minimum, the direct investor may want to hedge his short-term position by ensuring a rough parity between current assets and current liabilities denominated in that currency. Depending upon past experience, he may also try to hedge fixed assets as well. However, costs of borrowing in a given currency, as compared with such costs in other currencies, may tend to reflect the likelihood of the currency to be devalued or revalued and thus remove much of the advantage of hedging.

Also, a direct investor's appraisal of the likelihood of changes in foreign governments' policies on permissible dividend payout or taxation policies may lead him to wish to hedge or otherwise shift the financing of fixed assets, perhaps by increasing the degree of foreign borrowing relative to the direct investor's equity participation ("leverage") with respect to fixed assets. Direct investors may also tend to finance different assets with different sources of funds depending on the likelihood of expropriation, with or without remuneration, and depending on guarantees such as those from the Agency for International Development. In sum, these various possibilities suggest that for different foreign assets exposed to different types and magnitudes of risks there will be a set of particular affiliate liabilities--whether short- or long-term, to unaffiliated foreigners, to the parent, etc.--each of which will minimize the parent's financial exposure for the asset or assets potentially involved.

The model thus suggests that direct investors may do more than simply attempt to maintain an overall leverage vis-a-vis their foreign affiliates.* A test of the relatively limited leverage hypothesis for 1967 showed that changes in affiliate assets in fact accounted for about 80 percent of the variation in parent company contributions. It also showed that as a whole, parent funds tended to finance about 53 percent of the increase in total affiliate assets.6/ However, the more extended "portfolio" model breaking down total assets into their individual components had still more power in explaining variations in sources of funds, and explained about 86 percent of the variation in parent company contributions (see Regression Table 2).

For the portfolio model in question, relationships were tested between (1) changes in parent capital contributions (including retained earnings) or (2) changes in liabilities to others (foreigners) and changes in total affiliate assets taken as given (i.e., as exogenous independent variables) broken down into components: (1) net plant and equipment expenditures; (2) changes in current assets; (3) changes in other assets; and (4) changes in long-term receivables. The model was designed in terms of net, rather than gross changes in capital assets so that depreciation flows were not included as a source of funds.7/

In a somewhat more sophisticated variant of the model actually used for projections, the year-end values of the individual asset components for the previous year were included in the relationship. This was done with the expectation that the stock of fixed capital assets of the previous year could influence the type of financing sought for the following year as well as new plant and equipment expenditures. The rationale was that past year-end values might have some influence on new flows because of lags in the process by which these new flows adjusted themselves to asset changes in the same year. However, although the equations were well-fitting, the results do not support this theoretical interpretation of the model.8/

The Results**

To the extent that the Program might affect in some way the relationships between sources and uses of affiliate funds, it is not immediately apparent why that effect should bear more heavily on the financing of funds for changes in one type of asset as opposed to another. If direct investors should decide

---

* In this context a leveraging of foreign affiliate assets would imply that for every dollar of change in total affiliate assets (no matter what the change in individual asset components) the parent's contribution would be roughly constant as a percentage of that amount.

** Statistical results are shown in Regression Tables 1 and 2.

to have their affiliates borrow rather than doing so themselves, this in itself should not necessarily affect the source of financing of individual components. Rather, the relationship between changes in all types of asset and parent funds should shift in consistent fashion. In other words, if the pre-Program (1967) relationship between sources and uses were such that half of each dollar of change in both fixed and current assets were financed by parent company funds, then it might be expected that the Program might cause a reduction in this relationship which would roughly parallel the rise in that between the changes in asset components and affiliate borrowings from others.

However, the results indicate that this is not generally the case. The possibility has been noted above that affiliates may have borrowed from foreign sources and held the proceeds in the form of cash balances until such time as they were needed to finance plant and equipment expenditures. In this case, of course, the relationship between current asset changes and affiliate borrowings from others should tend to increase relative to that for fixed asset changes.

In 1967, all FDI-105 reporters were found to finance 41 percent of their affiliates' net new plant and equipment expenditures with parent funds and 51 percent of the increases in current affiliate assets from the same source (see Regression Table 2, ΔV_{1967}). This provides some evidence that the prevailing notion that parent funds are used mainly to finance fixed asset changes while foreign sources of funds (affiliate liabilities) finance current asset changes is not correct.

Variations in the individual asset components explained almost all of the variations in parent capital flows, which suggests that the model relating individual sources and uses is a reasonable one. As noted above, the model is improved somewhat by adding year-end values of the asset components, results for which will be discussed below.

It should be emphasized here that these results have not been deflated for size. Results vary quite sharply between asset size classes, a variation for which no explanation has been found. The stratification carried out was found to have a high degree of statistical significance.

In 1968, the first year of the Program, parent company financing for new assets increased in importance, now financing 57 percent of affiliate plant and equipment expenditures and 55 percent of changes in current assets, small increases in the proportion over 1967. (See Regression Table 2, ΔV_{1968}.) These relationships were unchanged in 1969.9/

Working Capital

The relationship between changes in sources of funds and working capital was also tested. Working capital was defined as current assets less all short-term (current) affiliate liabilities to others than the parent. A test

of this relationship showed, with a high degree of statistical significance, that in 1967 parent funds financed 80 percent of changes in affiliate working capital and 72 percent of plant and equipment expenditures.10/ In 1968 parent funds financed 88 percent of changes in working capital, with the proportion rising to 91 percent in 1969.

Payables

A surprising result of the statistical analysis showed that changes in payables (more exactly, changes in non-interest-bearing liabilities) have apparently been quite important in financing net plant and equipment expenditures. In 1967, changes in payables were found to have been used to finance 14 percent of net plant and equipment expenditures and 15 percent of current asset changes (see Regression Table 1, $\Delta L_{s\bar{r}}$). In 1968 payables financed only 10 percent of plant and equipment expenditures and 34 percent of changes in current assets. In 1969, the relationship returned to a relative parity between fixed and current assets, although at a higher level, with changes in payables now being used to finance 23 percent of net plant and equipment expenditures and 29 percent of increases in current assets. The relationship between payables and total asset changes itself doubles from 12 percent in 1967 to about 25 percent in 1968 and 1969.

It is possible that the tendency for affiliate payables to be stretched out may have been part of a more general trend. Thus affiliates may have been obliged to grant more favorable terms on their receivables just as they were apparently able to improve the terms of their payables. Increases in receivables will, of course, show up as current assets, and it is very possible that the sharp rise in the relationship between the latter and payables between 1967 and 1968-69 was due to this alone, and not to the Program. To the extent that this was in fact the case, any tendency to reduce payables should be accompanied by a roughly equal tendency to reduce current assets as well.

Variations in the Model

Averaged data

Averaging all relevant sources and uses data for 1968-69 (on the assumption that direct investors' reactions to the Program were spread out over the two years following its inception) also yields interesting results. This approach has greater strength in explaining variations in parent contributions than the equations for either 1968 or 1969 alone. For this two-year period, flows of parent company funds were found to finance 67 percent of net plant and equipment expenditures and only 47 percent of changes in current assets. The large difference between the results for the average of the two years and those calculated for 1968 and 1969 separately reflects the fact that the two-year average gives relatively greater weight to the sharp increase in the rate of growth of current assets which took place over the period.11/

Inclusion of year-end (stock) data

Adding to the model prior-year values of the asset components also increases the explanatory power of the model for each of the three years. Although these year-end data were initially incorporated to account for potential lags in adjustments between asset changes and desired sources of funds, this expanded model underscores a financing trend apparently unrelated to the hypothesized adjustment mechanism. The trend, which is observed for each of the three years for which sources and uses data are available, shows an increasing propensity for parent funds to be used to finance affiliate plant and equipment expenditures, with affiliate liabilities to foreigners tending increasingly to finance changes in current assets.12/

Induced Affiliate Borrowing

It is probably not appropriate to attribute all shifts in the relationships represented in the sources and uses model to the Program, particularly since similar shifts are apparent among direct investors presumably not under much direct pressure from the Program since their quotas were substantially in excess of total affiliate investments. Whatever the cause of these observed shifts in coefficients, whether attributable to the Program or not, it is possible to isolate possible overall Program effects on the amounts of various types of financing by comparing changes in the different sources of funds which took place in 1968 and 1969 with what they would have been had the 1967 relationships between affiliate asset changes and sources of funds continued in 1968 and 1969.

This approach assumes that such relationships would have continued unchanged had the mandatory Program not supervened, which of course might not have been the case. It also assumes that changes in current and net fixed assets (as well as other assets) which took place in 1968 and 1969 in effect cancelled each other out, with current assets rising above the level predicted and fixed assets falling equivalently. Because of the weakness of the estimates of the relevant magnitudes, no further attempt was made to incorporate changes in current and fixed assets into the analysis.

As suggested above, the approach which seems to have the greatest degree of explanatory power is the variant of the basic sources and uses model based on current changes as well as lagged year-end stock values, especially since this particular approach appears to take account of trends as well as any leverage effect. Application of the relationships established on the basis of this model between assets and sources of funds for 1967 to relevant asset values for 1968 and 1969 yields several plausible results. Again, however, it is important to add the caveat that predictions made on the basis of

disaggregated (cross-section) relationships may be less than completely satisfactory, so that the following estimates should be regarded as tentative.

In 1968, actual flows of parent funds to foreign affiliates averaged \$7.4 million per direct investor, while the value predicted on the basis of 1967 relationships averaged \$9.1 million, or \$1.7 million more than the actual. Thus the Program may have been responsible for a reduction in the flow of total parent funds to affiliates of about \$800 million in 1968 (469 times \$1.7 million). Looking at this from the point of view of total affiliate liabilities to foreigners, we find an increase in such liabilities in 1968 over those predicted which averaged \$1.3 million per direct investor, or about \$600 million in total.*

The \$600 million increase of affiliate liabilities in 1968 accounted for by the model and therefore attributed to the Program amounted to about 15 percent of total increases of \$4.1 billion in such liabilities. Further examination shows affiliate long-term liabilities in 1968 were in total only about \$20 million lower than predicted by the model; total short-term liabilities were thus about \$620 million higher than predicted.

On a more disaggregated level, it was determined that short-term interest-bearing liabilities to others in 1968 were, in total, about \$840 million less than predicted. This reduction may be due to the sharp rises in interest rates which began in 1968, at least in some foreign countries. Short-term non-interest-bearing liabilities of affiliates (mainly payables), on the other hand, were about \$1.3 billion in total higher than predicted. Assuming that a rise in interest costs (or limited availability of credit)--not taken directly into account in the model--would ordinarily cause firms to stretch out payables, an increase in payables (plus other non-interest-bearing liabilities) of about \$500 million in 1968, may be attributable to the Program.

Looking to 1969, we find actual affiliate liabilities totalling about \$850 million more than predicted by the model. This amount includes the \$1.2 billion by which actual short-term liabilities exceeded the level predicted by the model,less the \$350 million by which actual long-term liabilities fell short of the predicted value, this shortfall probably caused by tight monetary conditions. Actual short-term interest-bearing liabilities were about

---

* The \$0.4 million difference between the shortfall of average parent flows (\$1.7 million) and the increase in affiliate liabilities to foreigners (\$1.3 million) is accounted for by increases in minority equity.

$375 million under the predicted level, while short-term non-interest-bearing liabilities were fully $1.6 billion higher than predicted by the model. Apparently payables were again substituted for interest-bearing liabilities. Assuming this to have been the case, the full $850 million differential between predicted and actual affiliate liabilities to foreigners was again in 1969 due to an increase in payables.

IV. Conclusion

Although this study is restricted to analysis of data available from the FDI-105, it nonetheless suggests a number of relatively important conclusions. First, it appears that the direct investment program may well have affected the course of asset expansion of U. S. foreign affiliates. The growth of fixed assets during the first two years of the existence of the Program was below that to be expected on the basis of 1967 experience, while the growth rate of current assets exceeded that expected rate, perhaps as affiliates increased their foreign borrowings and held the proceeds as cash balances instead of investing them in fixed assets.

Analysis of the data showed that the Program may have been responsible for "excess" affiliate borrowing amounting to about $1.4 billion in 1968 and 1969. However, it is possible that this figure may have been inflated by a tendency for current assets (receivables) and their financing (payables) to be closely associated with one another so that the reduction of one could be expected to be associated with the reduction of the other.

The study gives support to the hypothesis that direct investors differentiate between sources of funds depending on the type of foreign asset they are financing. The results obtained, however, do not substantiate the frequently-heard contention that they finance current assets with current liabilities denominated in foreign currencies. Rather, if there is any tendency at all to hedge foreign assets against foreign currency devaluations or other types of risks, such hedging applies to all assets, fixed as well as current. However, the data, and consequently the results, do not distinguish between foreign investments in various countries whose currencies may be more or less susceptible to parity changes, or where other types of risks, such as expropriation, may be present.

Technical Notes and Appendix

1/ For 1967, the last year prior to the Program, this relationship was best expressed by $\Delta CA = \underset{(3.19)}{3.87} + \underset{(21.7)}{.36}\Delta R + \underset{(11.7)}{.09}R_{t-1} - \underset{(10.0)}{.24}CA_{t-1}$; ($\bar{R}^2 = .513$), where ΔCA represents the change in current assets, ΔR change in affiliate revenues, R_{t-1} revenues in 1966 and CA_{t-1} current assets in 1966. The numbers in parentheses are "t-ratios" and show a high degree of statistical significance for the individual coefficients. The equation suggests an overall relationship between current assets and revenues which is modified by expected revenues, here represented in proxy by the change in current revenues, ΔR.

2/ Program pressure is defined as gross annual allowables divided by total affiliate asset changes, whether financed by parent or affiliate. The measure has a number of weaknesses, particularly since it does not take account of changes in total affiliate assets which may have been induced by the Program, but implicitly assumes these to have been unaffected--upwards or downwards--by the Program. In addition, different direct investors may ordinarily have financed affiliate asset changes with varying mixes of parent and affiliate borrowing, so that direct investors with the same "program pressure" ratio may show different use of third party debt by affiliates when on a consolidated worldwide basis. Obligations to third parties may have changed in a similar manner. Nevertheless, this measure was the best we could devise and is a useful indicator.

3/ Changes in net plant and equipment expenditures were tested against changes in revenues, lagged revenues and lagged net fixed assets in much the same way as with changes in current assets. The model primarily tested was a lagged capital-stock adjustment ("accelerator") model. The best-fitting relationship for 1967 was $NPE = \underset{(.760)}{.96} + \underset{(10.8)}{.19}\Delta R + \underset{(1.07)}{.01}R_{t-1} + \underset{(3.52)}{.08}NK_{t-1}$; ($\bar{R}^2 = .47$) where NPE is net plant and equipment expenditures, ΔR and R_{t-1} are as defined in Footnote 1, and NK_{t-1} is net capital stock for the previous year (1966). This equation, which fit the data better than other similar equations, may have both the wrong signs and the wrong orders of magnitude. Affiliate revenues for the FDI-105 sample, however, include resales of goods imported from the parent, so that ordinary accelerator-type relationships between production capacity and sales (which represent about 95 percent of the revenue data collected by OFDI) cannot be expected to hold. For this reason the sample was stratified according to average capital/revenue ratios for 1966-69 (K/R) and the stratification was found to be statistically significant. The results are somewhat puzzling, particularly since the best fits were obtained for direct investors whose aggregate affiliate capital revenue

ratios were on the high and low ends of the averages.

1. $K/R > 1.0$ (59 obs.)
$$NPE = \underset{(2.75)}{4.33} + \underset{(23.9)}{1.73\Delta R} + \underset{(12.6)}{1.11R_{t-1}} - \underset{(14.0)}{.76NK_{t-1}} \quad (\bar{R}^2 = .91)$$

2. $1.0 > K/R > .25$ (206 obs.)
$$NPE = \underset{(.349)}{.88} + \underset{(6.84)}{.17\Delta R} - \underset{(1.17)}{.02R_{t-1}} + \underset{(3.76)}{.16NK_{t-1}} \quad (\bar{R}^2 = .52)$$

3. $K/R < .25$ (204 obs.)
$$NPE = \underset{(.113)}{-.04} + \underset{(21.5)}{.17\Delta R} - \underset{(6.49)}{.03R_{t-1}} - \underset{(4.15)}{.14NK_{t-1}} \quad (\bar{R}^2 = .71)$$

4/ <u>1968</u>

1. $K/R > 1.0$ (59 obs.)
$$NPE = \underset{(1.35)}{2.88} + \underset{(1.18)}{.28\Delta R} + \underset{(.720)}{.14R_{t-1}} - \underset{(.366)}{.05NK_{t-1}} \quad (\bar{R}^2 = .375)$$

A slightly better fit (corrected for degrees of freedom) resulted when lagged revenues were dropped:
$$NPE = \underset{(1.24)}{2.59} + \underset{(2.33)}{.39\Delta R} + \underset{(.959)}{.04NK_{t-1}} \quad (\bar{R}^2 = .381)$$

2. $1.0 > K/R > .25$ (206 obs.)
$$NPE = \underset{(2.02)}{3.53} + \underset{(3.69)}{.10\Delta R} - \underset{(2.14)}{.03R_{t-1}} + \underset{(3.41)}{.09NK_{t-1}} \quad (\bar{R}^2 = .54)$$

3. $K/R < .25$ (204 obs.)
$$NPE = \underset{(.418)}{1.07} + \underset{(11.1)}{.05\Delta R} - \underset{(1.35)}{.005R_{t-1}} + \underset{(3.65)}{.08NK_{t-1}} \quad (\bar{R}^2 = .56)$$

<u>1969</u>

1. $K/R > 1.0$ (59 obs.)
$$NPE = \underset{(2.54)}{8.43} + \underset{(10.8)}{.85\Delta R} + \underset{(7.77)}{1.56R_{t-1}} - \underset{(7.09)}{1.07NK_{t-1}} \quad (\bar{R}^2 = .73)$$

2. $1.0 > K/R > .25$ (206 obs.)
$$NPE = \underset{(.916)}{2.31} + \underset{(3.67)}{.12\Delta R} - \underset{(1.76)}{.03R_{t-1}} + \underset{(2.49)}{.08NK_{t-1}} \quad (\bar{R}^2 = .20)$$

3. $K/R > .25$ (204 obs.)
$$NPE = \underset{(.288)}{.13} + \underset{(3.17)}{.04\Delta R} - \underset{(.358)}{.002R_{t-1}} + \underset{(.965)}{.03NK_{t-1}} \quad (\bar{R}^2 = .06)$$

Conspicuously poor fits, particularly in 1969, probably mean that excluded variables, such as foreign profit and interest rates, played an important role in foreign fixed asset accumulation.

5/ Thus the uses of funds for different types of asset increases were taken as exogenous variables, which is ultimately tantamount to assuming affiliate asset formation to have been unaffected by the Program. While we have seen that this was not the case, our analysis does suggest that induced changes may have been roughly offsetting. The data available did not lend themselves to being treated in a fully consistent system of simultaneous equations.

6/ The leverage effect can be represented by the equation $\Delta V = a + b\Delta A + u$, where ΔV is equal to changes in the parent's share in net worth plus changes in affiliate liabilities to the parent (the two are not further distinguished). ΔA represents the change in total affiliate assets and b indicates the degree of leverage, or the change in parent funds associated with a change in total assets. These figures are for net asset increases and thus exclude depreciation as a source of funds. 1967 results were $\Delta V = \underset{(.01)}{.09} + \underset{(41.6)}{.53}\Delta A; (\bar{R}^2 = .79)$.

7/ The fundamental relationships were put into equation form as

$$\left.\begin{array}{l}\Delta V \\ \Delta L\end{array}\right\} = a + b_1 \, NPE + b_2 \Delta CA + b_3 \Delta OA + b_4 \Delta LR + u.$$

ΔL is equal to changes in total affiliate liabilities to others (including a small portion of such liabilities owed to unaffiliated U. S. persons). NPE is net plant and equipment expenditures, ΔCA changes in current assets, ΔOA changes in other assets, ΔLR changes in long-term receivables. The sum of these four terms is equal to the change in total affiliate assets, and u is the so-called "unexplained residual." ΔV and ΔL comprise virtually the entire source of funds in the model with the exception of changes in foreign equity ownership, quantitatively generally quite small. Econometricians will recognize that treating ΔV and ΔL as independent of one another will tend to bias somewhat the results of the regressions. In addition, ΔL was broken down into its individual components, short- and long-term, interest-bearing and non-interest-bearing. It should be remembered that ΔV includes funds borrowed abroad by the parent.

8/ The asset stock variant was expressed by $\Delta V = a + b_1 \, NPE + b_2 \, NK_{t-1} + b_3 \Delta CA + b_4 \, CA_{t-1} + b_5 \Delta OA + b_6 OA_{t-1} + b_7 \Delta LR + b_8 LR_{t-1} + u$. NK_{t-1} is net fixed capital stock for the previous year, and the remaining variables with the t-1 subscript are the lagged year-end (stock) values for the other asset components in question. Inserting the lagged values into the basic equation given in Footnote 7, besides taking into account lags in adjustments, may also reflect the leverage effect. This could be the case where a rapid rate of growth of a given asset--if it ordinarily has a particular source of funds associated with it--can increase or decrease overall leverage. For example, should a direct investor try to maintain a particular relationship between

current assets and affiliate borrowings, where current assets increase at an unusually rapid rate, he may find his foreign liabilities representing a greater proportion of total investment than he wishes. The existence of the stock values in the equation takes the percentage rates of growth of the different assets into account and should thus partially reflect the leverage effect.

9/ However, the value of the intercept shifts from 1.18 in 1967 to -2.17 in 1968 and -1.34 in 1969. An examination of the relationships between affiliate asset changes and liabilities to others presents a somewhat different picture. Here we find the percentage of increases in current assets financed by foreign affiliate borrowings falling from 49 percent in 1967 to 36 percent in 1968 and then rising sharply to 55 percent in 1969. Financing of net plant and equipment expenditures from foreign affiliate borrowings fell equivalently from 48 percent in 1968 to 38 percent in 1969. We do not have any explanation for this anomalous result, which is clearly inconsistent with the results when examined from the point of view of parent funds; it is possible that the apparent inconsistencies can be explained by changes in minority equity.

10/ Use of the working capital concept is equivalent to assuming that short-term liabilities finance only current assets. This is, of course, not true: in 1967, around 27 percent of plant and equipment expenditures were financed by short-term liabilities to others; this fell to about 4 percent in 1968 and rose back to 18 percent in 1969.

11/ $$\underset{}{\Delta V'} = \underset{(2.93)}{-1.52} + \underset{(21.8)}{.67}\, NPE' + \underset{(23.5)}{.47}\Delta CA' + \underset{(13.5)}{1.24}\Delta OA' + \underset{(3.69)}{.41}\Delta LR'; \quad (\bar{R}^2 = .902)$$
Primes indicate average values.

12/ The trend was indicated by the fact that for each of the three years, 1967 to 1969, changes in the flows of parent funds are positively related to both current year changes in fixed assets and to the year-end total for the previous year. At the same time increases in flows of parent funds are positively related to current asset changes (as expected), but negatively related to the year-end value of total current assets for the prior year. Even though the individual coefficients relating changes in parent funds to individual asset changes (or prior-year asset stocks) shift over the course of period under study, the overall trend persists. Changes in affiliate liabilities to others behave in exactly the opposite way, with a positive relationship shown for both current asset changes and current asset stocks, but a negative relationship vis-à-vis fixed asset stocks. It is of course possible that the lagged stock adjustment model in question, which should have positive signs with flow coefficients and negative signs with lagged stock coefficients, is in fact borne out by the results, since the trend effect may have simply swamped the stock adjustment

effect. However, it was not possible to determine to what extent the lagged stock adjustment equation also incorporates the "leverage effect" described on p.8. Very likely it was responsible for some of the shifts in the relevant coefficients which are observed over the period under study.

REGRESSION TABLE 1

SOURCES AND USES OF FUNDS
1967 Structural Equations*

Dependent Variables: Liabilities to Others		Intercept	NPE	NK_{t-1}	ΔCA	CA_{t-1}	ΔOA	OA_{t-1}	ΔLR	LR_{t-1}	$\bar{R}^2$
ΔL: Total	1.	-.62**	.45		.49		.59		-.27		.834
		(.965)	(17.4)		(22.9)		(9.11)		(4.67)		
	2.	-.98**	.43	-.07	.50	.03	.26	.37	-.18	.14	.870
		(1.57)	(15.3)	(6.64)	(24.3)	(3.02)	(3.83)	(7.45)	(3.06)	(2.55)	
ΔL_s: Total Short-Term	1.	-1.40	.27		.46		.39		-.44		.780
		(2.44)	(11.6)		(24.6)		(6.86)		(8.58)		
	2.	-.65**	.32	-.07	.44	-.004**	.15	.26	-.39	.30	.848
		(1.25)	(13.5)	(7.52)	(25.5)	(.501)	(2.53)	(6.47)	(8.00)	(6.64)	
ΔL_{sr}: Short-Term Interest Bearing	1.	-1.14	.13		.31		.35		.41		.629
		(2.16)	(6.01)		(18.1)		(6.57)		(8.66)		
	2.	-.72**	.12	-.05	.31	-.004**	.03**	.35	-.29	.13	.748
		(1.541)	(5.60)	(6.04)	(20.2)	(.454)	(.538)	(9.48)	(6.46)	(3.27)	
$\Delta L_{\overline{sr}}$: Short-Term Noninterest Bearing	1.	-.26**	.14		.15		.05**		-.03**		.557
		(.707)	(9.39)		(12.5)		(1.29)		(.956)		
	2.	.07**	.20	-.02	.12	-.001**	.12	-.09	-.10	.16	.582
		(.189)	(11.1)	(2.68)	(9.44)	(.117)	(2.70)	(2.83)	(2.82)	(4.85)	
ΔL_l: Total Long-Term	1.	.78	.18		.02**		.19		.17		.553
		(2.03)	(11.6)		(1.49)		(4.96)		(4.97)		
	2.	-.33**	.11	-.004**	.06	.04	.12	.10	.21	-.16	.607
		(.832)	(6.37)	(.591)	(4.85)	(5.45)	(2.73)	(3.27)	(5.72)	(4.73)	
ΔL_{lr}: Long-Term Interest Bearing	1.	.43**	.20		.02**		.08		.08		.528
		(1.15)	(13.3)		(1.62)		(2.24)		(2.32)		
	2.	-.19**	.12	.005**	.06	-.01	-.06**	.17	.17	-.16	.578
		(.501)	(7.13)	(.813)	(4.72)	(2.01)	(1.42)	(5.50)	(4.69)	(4.95)	
$\Delta L_{\overline{lr}}$: Long-Term Noninterest Bearing	1.	.35**	-.02		-.001**		.11		.09		.115
		(1.95)	(2.41)		(.141)		(5.96)		(5.81)		
	2.	-.14**	-.01	-.01	.004**	.02	.18	-.06	.04	.002	.316
		(.785)	(1.24)	(3.13)	(.612)	(7.94)	(9.29)	(4.67)	(2.66)	(.163)	

* Equation 2 was in each case used for 1968-1969 projections of the dependent variable
** Not significant at 5% confidence level. Values in parentheses are t-ratios.

REGRESSION TABLE 2

SOURCES AND USES OF FUNDS
Selected Structural Equations, 1967-1969

Dependent Variables		Independent Variables									
Liabilities to Others		Intercept	NPE	NK_{t-1}	ΔCA	CA_{t-1}	ΔOA	OA_{t-1}	ΔLR	LR_{t-1}	$\bar{R}^2$
ΔL_{1968}: Total	1.	2.39	.48		.36		.12**		.26		.755
		(3.83)	(14.4)		(14.8)		(1.05)		(2.79)		
	2.	-.26**	.75	-.03	.32	.10	-.33	-.22	.69	-.14	.876
		(.539)	(23.0)	(5.11)	(14.8)	(13.4)	(3.85)	(9.49)	(9.03)	(4.91)	
ΔL_{1969}: Total	1.	2.06	.38		.55		-.08**		-.01**		.700
		(2.31)	(10.8)		(21.3)		(1.08)		(.053)		
	2.	-1.21**	.39	-.10	.51	.12	-.12**	.40	.06**	-.18	.795
		(1.55)	(13.5)	(9.00)	(16.4)	(9.74)	(1.63)	(9.78)	(.481)	(4.37)	
Liabilities to Parent (Including Parent Equity)											
ΔV_{1967}: Total	1.	1.18**	.41		.51		.49		1.39		.855
		(1.54)	(13.2)		(20.2)		(6.32)		(20.3)		
	2.	1.33**	.39	.06	.50	-.03**	.64	-.21	1.35	.12**	.862
		(1.64)	(10.5)	(4.12)	(18.5)	(1.90)	(7.10)	(3.33)	(17.7)	(1.78)	
ΔV_{1968}: Total	1.	-2.17	.57		.55		.82		.83		.851
		(3.53)	(16.5)		(21.9)		(7.08)		(8.58)		
	2.	.32**	.21	.04	.54	-.09	1.33	.24	.25	.15	.928
		(.662)	(6.52)	(5.93)	(24.8)	(11.9)	(15.3)	(10.3)	(3.25)	(5.46)	
ΔV_{1969}: Total	1.	-1.39**	.57		.55		.77		1.46		.823
		(1.51)	(15.7)		(20.5)		(9.28)		(9.17)		
	2.	.57**	.57	.11	.50	-.08	.79	-.42	1.42	-.03**	.858
		(.650)	(17.3)	(8.83)	(14.3)	(5.72)	(9.73)	(9.11)	(9.85)	(.608)	

** Not significant at 5% confidence level. Values in parentheses are t-ratios.

The Survey Tables

These tables summarize balance sheet data for majority-owned affiliate foreign nationals for the years 1966-1969 as reported to OFDI by the 469 direct investors filing Form FDI-105 in 1969 and 1970. The data are broken down into "all schedules (excluding Canada)" which include the areas of the world subject to Program restriction, and Canada, which is exempt from restriction.

Structure of Foreign Affiliate Assets and Liabilities tables (Tables Ia, b - VIIa, b) represent year-end balance sheet data taken directly from the FDI-105 reports. These tables exclude accumulated depreciation charges; accordingly, fixed assets are net of depreciation.

Sources and Uses tables (Tables Ic - VIIc) were derived from the reported balance sheet data and can, for the most part, be reconstructed by the reader from Tables Ia, b - VIIa, b. However, they include depreciation charges as a source of funds, so that the fixed asset figures in these tables are gross of depreciation. Unlike many sources and uses of funds tables, these do not include earnings or dividends as the data were not available from the FDI-105 form. Retained earnings data were also not directly available from the form, but were estimated from information filed on Form FDI-102F.

Tables Id - VIId include various earnings, debt-equity, and capital revenue ratios of general interest. Unlike sections a - c of the tables, these do include estimates of affiliate earnings as derived from the FDI-102 reports. It should be noted, however, that although earnings data are for the same set of direct investors reporting for the FDI-105, they include data for non-majority affiliates as well as for the majority-owned affiliates covered in this survey.

Tables Ia - d cover all 469 direct investors filing FDI-105; the sample of direct investors filing was not restricted to any particular industries. As noted in Part I of this study, all data filed are consolidated by the direct investor, so that where industry breakdowns are provided, such breakdowns are on the basis of the parent's Standard Industrial Classification (SIC) code, rather than that of the affiliate.

Tables IIa - d cover the 61 direct investors primarily engaged in the extractive industries and include SIC codes 10 - 14 and 29; the bulk of the assets covered is, of course, employed in the petroleum industry. Tables IIIa - d cover 313 direct investors engaged in manufacturing (SIC 19 - 39, excluding 29), leaving 95 direct investors primarily engaged in other industries such as printing and publishing, sales and finance, real estate, etc. This residual category is not broken out from Tables Ia - d.

Direct investors engaged primarily in manufacturing whose affiliates were covered in the survey were further broken down into "chemical and allied" (SIC 28), of which there were 65 direct investors covered in Tables IVa - d, and "electrical machinery," of which 45 were included in Tables Va - d (SIC 36).

Finally, Tables VIa - d cover the 46 direct investors reporting for "non-electrical machinery" (SIC 35), and Tables VIIa - d include data from the 20 direct investors primarily engaged in the production of "transportation equipment" (SIC 371 - 375, 379).

Table Ia

ALL INDUSTRIES 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$29,547	59.1%	$33,037	58.8%	11.8%	$36,501	57.0%	10.5%	$40,886	56.0%	12.0%
a. majority equity	20,730	41.5	23,751	42.3	14.6	26,471	41.4	11.5	28,478	39.0	7.6
b. liabilities to parent	8,817	17.6	9,286	16.5	5.3	10,030	15.7	8.0	12,408	17.0	23.7
2. Minority Equity	1,357	2.7	1,563	2.8	15.2	1,805	2.8	15.5	1,914	2.6	6.1
3. Liabilities to Others 2/	19,106	38.2	21,588	38.4	13.0	25,720	40.2	19.1	30,305	41.5	17.8
a. short-term	13,761	27.5	15,180	27.0	10.3	18,073	28.2	19.1	21,598	29.5	19.5
(1) interest bearing	4,605	9.2	5,352	9.5	16.2	6,125	9.6	14.4	7,276	10.0	18.8
(2) noninterest bearing	9,156	18.3	9,827	17.5	7.3	11,948	18.7	21.6	14,322	19.6	19.9
b. long-term	5,345	10.7	6,409	11.4	19.9	7,646	11.9	19.3	8,707	11.9	13.9
(1) interest bearing	3,789	7.6	4,654	8.3	22.8	5,771	9.0	24.0	6,383	8.7	10.6
(2) noninterest bearing	1,555	3.1	1,755	3.1	12.8	1,875	2.9	6.8	2,325	3.2	24.0
Total Liabilities Plus Equity	$50,009	100.0%	$56,188	100.0%	12.4%	$64,025	100.0%	14.0%	$73,105	100.0%	14.2%
1. Fixed Assets 3/	$22,124	44.2%	$24,902	44.3%	12.6%	$27,586	43.1%	10.8%	$30,600	41.9%	10.9%
2. Current Assets	22,827	45.7	25,341	45.1	11.0	29,896	46.7	18.0	35,091	48.0	17.4
3. Other Assets 4/	5,058	10.1	5,945	10.6	17.5	6,543	10.2	10.1	7,414	10.1	13.3
Total Assets	$50,009	100.0%	$56,188	100.0%	12.4%	$64,025	100.0%	14.0%	$73,105	100.0%	14.2%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table Ib

ALL INDUSTRIES 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969 **

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investments	$ 9,845	63.1%	$11,171	62.4%	13.5%	$12,091	61.9%	8.2%	$13,006	61.7%	7.6%
a. majority equity	7,492	48.0	8,459	47.3	12.9	9,213	47.2	8.9	10,213	48.5	10.9
b. liabilities to parent	2,353	15.1	2,712	15.2	15.3	2,879	14.8	6.2	2,793	13.3	- 3.0
2. Minority Equity	1,089	7.0	1,223	6.8	12.3	1,243	6.4	1.6	1,233	5.9	- .8
3. Liabilities to Others 2/	4,675	30.0	5,482	30.7	17.3	6,186	31.7	12.8	6,837	32.4	10.5
a. short-term	2,688	17.2	3,006	16.8	11.9	3,574	18.3	18.9	3,985	18.9	11.5
(1) interest bearing	732	4.7	958	5.4	30.9	1,111	5.7	16.0	1,450	6.9	30.5
(2) noninterest bearing	1,955	12.5	2,048	11.5	4.7	2,463	12.6	20.3	2,535	12.0	2.9
b. long-term	1,988	12.7	2,476	13.9	24.6	2,611	13.4	5.5	2,852	13.5	9.2
(1) interest bearing	1,583	10.1	1,985	11.1	25.4	2,032	10.4	2.4	2,071	9.8	1.9
(2) noninterest bearing	405	2.6	491	2.8	21.2	580	3.0	18.0	781	3.7	34.7
Total Liabilities Plus Equity	$15,608	100.0%	$17,875	100.0%	14.5%	$19,520	100.0%	9.2%	$21,077	100.0%	8.0%
1. Fixed Assets 3/	$ 8,056	51.6%	$ 9,097	50.9%	12.9%	$ 9,919	50.8%	9.0%	$10,739	51.0%	8.3%
2. Current Assets	6,458	41.4	7,535	42.2	16.7	8,361	42.8	11.0	8,860	42.0	6.0
3. Other Assets 4/	1,095	7.0	1,243	7.0	13.6	1,239	6.4	- .3	1,478	7.0	19.3
Total Assets	$15,608	100.0%	$17,875	100.0%	14.5%	$19,520	100.0%	9.2%	$21,077	100.0%	8.0%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table Ic

ALL INDUSTRIES 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969 **

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 9,413	100.0%	$11,473	100.0%	$12,719	100.0%	$ 3,206	100.0%	$ 2,659	100.0%	$ 2,575	100.0%
1. Direct Investment	3,491	37.1	3,464	30.2	4,385	34.5	1,327	41.4	921	34.6	916	35.6
a. Retained Earnings***	765	8.1	1,254	10.9	1,594	12.5	572	17.8	581	21.8	484	18.8
b. Capital Transfers	2,726	29.0	2,210	19.3	2,791	22.0	755	23.6	340	12.8	432	16.8
(1) Equity	2,256	24.0	1,467	12.8	413	3.3	396	12.4	173	6.5	517	20.1
(2) Liabilities to Parent	470	5.0	743	6.5	2,378	18.7	359	11.2	167	6.3	- 85	-3.3
2. Equity Contributions of Minority Stockholders	206	2.2	242	2.1	110	.9	134	4.2	20	.8	- 9	- .4
3. Affiliate Liabilities to Others 2/	2,482	26.4	4,132	36.0	4,585	36.1	807	25.2	704	26.5	651	25.3
a. Short-Term	1,418	15.1	2,894	25.2	3,524	27.7	318	9.9	568	21.4	411	16.0
b. Long-Term	1,064	11.3	1,238	10.8	1,061	8.3	488	15.2	135	5.1	241	9.4
4. Depreciation	3,234	34.4	3,636	31.7	3,639	28.6	939	29.3	1,014	38.2	1,017	39.5
USES OF FUNDS	$ 9,413	100.0%	$11,473	100.0%	$12,719	100.0%	$ 3,206	100.0%	$ 2,659	100.0%	$ 2,575	100.0%
1. Current Assets	2,514	26.7	4,555	39.7	5,195	40.9	1,077	33.6	826	31.1	498	19.4
2. Fixed Assets 3/	6,012	63.9	6,320	55.1	6,652	52.3	1,981	61.8	1,836	69.1	1,837	71.4
3. Other Assets 4/	887	9.4	598	5.2	872	6.9	148	4.6	- 3	- .1	240	9.3

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table Id

ALL INDUSTRIES

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	4,025	4,370	6,930	6,144	722	820	884	1,082
Revenue (Millions of $) 6/	52,430	56,378	65,825	74,872	16,127	18,135	20,849	22,446
Ratios:								
Earnings/Revenue	.077	.078	.105	.082	.045	.045	.042	.048
Earnings/Total Assets	.080	.078	.108	.084	.046	.046	.045	.051
Debt/Equity 7/	.618	.624	.671	.708	.431	.444	.466	.479
Earnings/Equity	.130	.126	.181	.144	.066	.066	.066	.076
Earnings/Long-Term Debt + Net Worth	.111	.107	.151	.119	.056	.055	.055	.063
Fixed Assets/Revenue	.422	.442	.419	.409	.500	.502	.476	.478
Total Assets/Revenue	.954	.997	.973	.976	.968	.986	.936	.939

* The numbered footnotes are shown on final page.

Table IIa

EXTRACTIVE 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$11,501	64.4%	$12,867	64.4%	11.9%	$14,113	63.2%	9.7%	$15,545	63.7%	10.2%
a. majority equity	6,254	35.0	7,734	38.7	23.7	8,374	37.5	8.3	8,281	33.9	- 1.1
b. liabilities to parent	5,247	29.4	5,133	25.7	- 2.2	5,739	25.7	11.8	7,264	29.8	26.6
2. Minority Equity	216	1.2	217	1.1	.6	237	1.1	9.3	249	1.0	5.0
3. Liabilities to Others 2/	6,149	34.4	6,900	34.5	12.2	7,995	35.8	15.9	8,604	35.3	7.6
a. short-term	4,421	24.7	4,936	24.7	11.7	5,595	25.0	13.4	6,136	25.2	9.7
(1) interest bearing	1,085	6.1	1,359	6.8	25.3	1,428	6.4	5.1	1,626	6.7	13.9
(2) noninterest bearing	3,336	18.7	3,578	17.9	7.2	4,168	18.7	16.5	4,510	18.5	8.2
b. long-term	1,728	9.7	1,963	9.8	13.6	2,399	10.7	22.2	2,468	10.1	2.9
(1) interest bearing	1,088	6.1	1,294	6.5	18.9	1,806	8.1	39.5	1,694	6.9	- 6.2
(2) noninterest bearing	640	3.6	669	3.4	4.5	594	2.7	-11.3	773	3.2	30.3
Total Liabilities Plus Equity	$17,866	100.0%	$19,984	100.0%	11.9%	$22,345	100.0%	11.8%	$24,399	100.0%	9.2%
1. Fixed Assets 3/	$ 9,475	53.0%	$10,449	52.3%	10.3%	$11,614	52.0%	11.2%	$12,356	50.6%	6.4%
2. Current Assets	5,939	33.2	6,506	32.6	9.6	7,518	33.7	15.6	8,474	34.7	12.7
3. Other Assets 4/	2,453	13.7	3,028	15.2	23.4	3,212	14.4	6.1	3,569	14.6	11.1
Total Assets	$17,866	100.0%	$19,984	100.0%	11.9%	$22,345	100.0%	11.8%	$24,399	100.0%	9.2%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table IIb

EXTRACTIVE 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 3,131	65.8%	$ 3,382	64.7%	8.0%	$ 3,582	61.3%	5.9%	$ 3,787	59.9%	5.7%
a. majority equity	2,312	48.6	2,542	48.6	9.9	2,634	45.1	3.6	2,797	44.2	6.2
b. liabilities to parent	819	17.2	840	16.1	2.6	948	16.2	12.8	990	15.7	4.5
2. Minority Equity	614	12.9	675	12.9	10.0	690	11.8	2.3	708	11.2	2.5
3. Liabilities to Others 2/	1,016	21.3	1,174	22.4	15.5	1,571	26.9	33.8	1,829	28.9	16.4
a. short-term	450	9.5	510	9.8	13.4	738	12.6	44.7	817	12.9	10.7
(1) interest bearing	40	.9	38	.7	- 6.1	99	1.7	162.0	89	1.4	-10.6
(2) noninterest bearing	410	8.6	472	9.0	15.3	639	10.9	35.3	729	11.5	14.0
b. long-term	566	11.9	664	12.7	17.2	833	14.3	25.4	1,012	16.0	21.5
(1) interest bearing	464	9.8	545	10.4	17.4	667	11.4	22.5	736	11.6	10.2
(2) noninterest bearing	102	2.1	119	2.3	16.4	165	2.8	38.9	276	4.4	67.3
Total Liabilities Plus Equity	$ 4,761	100.0%	$ 5,231	100.0%	9.9%	$ 5,843	100.0%	11.7%	$ 6,324	100.0%	8.2%
1. Fixed Assets 3/	$ 3,342	70.2%	$ 3,629	69.4%	8.6%	$ 4,115	70.4%	13.4%	$ 4,412	69.8%	7.2%
2. Current Assets	1,125	23.6	1,281	24.5	13.8	1,427	24.4	11.4	1,603	25.4	12.4
3. Other Assets 4/	294	6.2	320	6.1	8.8	302	5.2	- 5.9	308	4.9	2.2
Total Assets	$ 4,761	100.0%	$ 5,231	100.0%	9.9%	$ 5,843	100.0%	11.7%	$ 6,324	100.0%	8.2%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table IIc

EXTRACTIVE 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969 **

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 3,122	100.0%	$ 3,491	100.0%	$ 3,207	100.0%	$ 720	100.0%	$ 882	100.0%	$ 765	100.0%
1. Direct Investment	1,365	43.7	1,245	35.7	1,433	44.7	250	34.7	200	22.7	206	26.9
a. Retained Earnings***	73	2.3	106	3.0	24	.8	62	8.6	68	7.7	41	5.4
b. Capital Transfers	1,292	41.5	1,139	32.6	1,409	43.9	188	26.1	132	15.0	165	21.6
(1) Equity	1,407	45.1	533	15.3	- 117	- 3.7	167	23.2	24	2.7	122	16.0
(2) Liabilities to Parent	- 115	- 3.7	606	17.4	1,526	47.6	21	2.9	108	12.2	43	5.6
2. Equity Contributions of Minority Stockholders	1	--	20	.6	12	.4	61	8.5	15	1.7	18	2.3
3. Affiliate Liabilities to Others 2/	751	24.0	1,095	31.4	610	19.0	158	21.9	397	45.0	258	33.7
a. Short-Term	516	16.5	659	18.9	541	16.9	60	8.4	228	25.9	79	10.3
b. Long-Term	235	7.5	436	12.5	69	2.1	97	13.5	169	19.1	179	23.4
4. Depreciation	1,005	32.2	1,130	32.4	1,153	35.9	251	34.8	270	30.6	284	37.1
USES OF FUNDS	$ 3,122	100.0%	$ 3,491	100.0%	$ 3,207	100.0%	$ 720	100.0%	$ 882	100.0%	$ 765	100.0%
1. Current Assets	567	18.2	1,012	29.0	955	29.8	156	21.6	146	16.5	177	23.1
2. Fixed Assets 3/	1,980	63.4	2,295	65.7	1,894	59.1	538	74.8	755	85.6	582	76.0
3. Other Assets 4/	575	18.4	184	5.3	358	11.2	26	3.6	- 19	- 2.2	6	.8

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table IId

EXTRACTIVE

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	1,813	2,032	3,274	2,481	169	250	202	302
Revenue (Millions of $) 6/	19,102	19,856	22,717	24,036	2,857	3,228	3,549	3,832
Ratios:								
Earnings/Revenue	.095	.102	.144	.103	.059	.078	.057	.079
Earnings/Total Assets	.101	.102	.147	.102	.036	.048	.034	.048
Debt/Equity 7/	.521	.527	.559	.548	.270	.293	.372	.400
Earnings/Equity	.155	.155	.228	.157	.045	.062	.047	.067
Earnings/Long-Term Debt + Net Worth	.135	.135	.195	.136	.039	.053	.040	.055
Fixed Assets/Revenue	.496	.526	.511	.514	1.170	1.124	1.159	1.151
Total Assets/Revenue	.935	1.006	.984	1.015	1.667	1.620	1.646	1.650

* The numbered footnotes are shown on final page.

Table IIIa

MANUFACTURING 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$15,982	56.0%	$17,908	55.6%	12.1%	$19,661	53.5%	9.8%	$22,259	51.7%	13.2%
a. majority equity	12,874	45.1	14,199	44.1	10.3	15,872	43.2	11.8	17,821	41.4	12.3
b. liabilities to parent	3,108	10.9	3,709	11.5	19.4	3,789	10.3	2.2	4,438	10.3	17.1
2. Minority Equity	879	3.1	1,057	3.3	20.4	1,243	3.4	17.5	1,373	3.2	10.5
3. Liabilities to Others 2/	11,688	40.9	13,254	41.1	13.4	15,868	43.2	19.7	19,429	45.1	22.4
a. short-term	8,412	29.5	9,213	28.6	9.5	11,123	30.3	20.7	13,762	32.0	23.7
(1) interest bearing	3,202	11.2	3,691	11.5	15.3	4,280	11.6	16.0	5,085	11.8	18.8
(2) noninterest bearing	5,210	18.3	5,522	17.1	6.0	6,843	18.6	23.9	8,676	20.2	26.8
b. long-term	3,276	11.5	4,041	12.5	23.3	4,745	12.9	17.4	5,667	13.2	19.4
(1) interest bearing	2,449	8.6	3,039	9.4	24.1	3,577	9.7	17.7	4,242	9.9	18.6
(2) noninterest bearing	827	2.9	1,002	3.1	21.1	1,168	3.2	16.6	1,425	3.3	22.0
Total Liabilities Plus Equity	$28,548	100.0%	$32,219	100.0%	12.9%	$36,771	100.0%	14.1%	$43,061	100.0%	17.1%
1. Fixed Assets 3/	$11,112	38.9%	$12,851	39.9%	15.7%	$14,013	38.1%	9.0%	$15,689	36.4%	12.0%
2. Current Assets	15,136	53.0	16,882	52.4	11.5	19,936	54.2	18.1	23,939	55.6	20.1
3. Other Assets 4/	2,300	8.1	2,486	7.7	8.1	2,823	7.7	13.6	3,433	8.0	21.6
Total Assets	$28,548	100.0%	$32,219	100.0%	12.9%	$36,771	100.0%	14.1%	$43,061	100.0%	17.1%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table IIIb

MANUFACTURING 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 5,994	61.6%	$ 6,849	61.6%	14.3%	$ 7,419	62.5%	8.3%	$ 7,962	62.4%	7.3%
a. majority equity	4,596	47.3	5,127	46.1	11.6	5,656	47.7	10.3	6,386	50.1	12.9
b. liabilities to parent	1,398	14.4	1,722	15.5	23.1	1,763	14.8	2.4	1,576	12.3	-10.6
2. Minority Equity	450	4.6	487	4.4	8.3	439	3.7	- 9.9	481	3.8	9.8
3. Liabilities to Others 2/	3,283	33.8	3,780	34.0	15.1	4,013	33.8	6.2	4,315	33.8	7.5
a. short-term	2,000	20.6	2,230	20.1	11.5	2,519	21.2	13.0	2,792	21.9	10.8
(1) interest bearing	634	6.5	863	7.8	36.2	914	7.7	5.9	1,216	9.5	33.1
(2) noninterest bearing	1,367	14.1	1,367	12.3	.1	1,606	13.5	17.4	1,576	12.4	- 1.9
b. long-term	1,283	13.2	1,550	13.9	20.8	1,494	12.6	- 3.6	1,523	11.9	2.0
(1) interest bearing	997	10.3	1,219	11.0	22.2	1,136	9.6	- 6.8	1,069	8.4	- 6.0
(2) noninterest bearing	286	2.9	331	3.0	15.7	358	3.0	8.1	454	3.6	27.1
Total Liabilities Plus Equity	$ 9,727	100.0%	$11,115	100.0%	14.3%	$11,871	100.0%	6.8%	$12,759	100.0%	7.5%
1. Fixed Assets 3/	$ 4,189	43.1%	$ 4,757	42.8%	13.6%	$ 4,937	41.6%	3.8%	$ 5,316	41.7%	7.7%
2. Current Assets	4,797	49.3	5,544	49.9	15.6	6,119	51.6	10.4	6,417	50.3	4.9
3. Other Assets 4/	742	7.6	815	7.3	9.8	815	6.9	--	1,025	8.0	25.9
Total Assets	$ 9,727	100.0%	$11,115	100.0%	14.3%	$11,871	100.0%	6.8%	$12,759	100.0%	7.5%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table IIIc

MANUFACTURING 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969**

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 5,717	100.0%	$ 6,850	100.0%	$ 8,576	100.0%	$ 2,014	100.0%	$ 1,434	100.0%	$ 1,545	100.0%
1. Direct Investment	1,926	33.7	1,753	25.6	2,598	30.3	854	42.4	570	39.7	543	35.1
a. Retained Earnings***	528	9.2	936	13.7	1,362	15.9	465	23.1	431	30.0	363	23.5
b. Capital Transfers	1,398	24.5	817	11.9	1,236	14.4	389	19.3	139	9.7	180	11.6
(1) Equity	797	14.0	737	10.8	587	6.8	66	3.3	98	6.8	367	23.8
(2) Liabilities to Parent	601	10.5	80	1.1	649	7.6	323	16.0	41	2.9	-187	-12.1
2. Equity Contributions of Minority Stockholders	179	3.1	185	2.7	130	1.5	37	1.8	- 48	- 3.4	43	2.8
3. Affiliate Liabilities to Others 2/	1,565	27.4	2,614	38.2	3,561	41.5	496	24.7	234	16.3	302	19.5
a. Short-Term	801	14.0	1,910	27.9	2,639	30.8	230	11.4	289	20.2	273	17.7
b. Long-Term	765	13.4	704	10.3	923	10.8	267	13.2	- 56	- 3.9	29	1.9
4. Depreciation	2,046	35.8	2,297	33.5	2,287	26.7	626	31.1	679	47.4	657	42.5
USES OF FUNDS	$ 5,717	100.0%	$ 6,850	100.0%	$ 8,576	100.0%	$ 2,014	100.0%	$ 1,434	100.0%	$ 1,545	100.0%
1. Current Assets	1,746	30.5	3,054	44.6	4,004	46.7	747	37.1	576	40.2	298	19.3
2. Fixed Assets 3/	3,785	66.2	3,459	50.5	3,962	46.2	1,194	59.3	859	59.9	1,036	67.1
3. Other Assets 4/	186	3.3	337	4.9	610	7.1	73	3.6	- 1	- .1	211	13.7

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table IIId

MANUFACTURING

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	1,936	1,966	3,142	3,061	476	485	582	669
Revenue (Millions of $) 6/	28,863	31,713	37,052	44,426	11,589	12,876	14,403	16,268
Ratios:								
Earnings/Revenue	.067	.062	.085	.069	.041	.038	.040	.041
Earnings/Total Assets	.068	.061	.085	.071	.049	.044	.049	.052
Debt/Equity 7/	.692	.700	.761	.819	.508	.521	.513	.506
Earnings/Equity	.115	.104	.150	.130	.074	.066	.074	.079
Earnings/Long-Term Debt + Net Worth	.096	.085	.122	.104	.062	.055	.062	.067
Fixed Assets/Revenue	.385	.405	.378	.353	.361	.369	.343	.327
Total Assets/Revenue	.989	1.016	.992	.969	.839	.863	.824	.784

* The numbered footnotes are shown on final page.

Table IVa

CHEMICAL & ALLIED 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 3,282	61.0%	$ 3,740	60.6%	14.0%	$ 4,066	58.2%	8.7%	$ 4,581	58.3%	12.7%
a. majority equity	2,571	47.8	2,864	46.4	11.4	3,177	45.4	10.9	3,624	46.1	14.1
b. liabilities to parent	711	13.2	876	14.2	23.3	889	12.7	1.4	957	12.2	7.7
2. Minority Equity	193	3.6	245	4.0	27.1	259	3.7	5.5	259	3.3	--
3. Liabilities to Others 2/	1,904	35.4	2,190	35.5	15.0	2,668	38.2	21.8	3,023	38.4	13.3
a. short-term	1,375	25.6	1,550	25.1	12.7	1,912	27.3	23.3	2,176	27.7	13.8
(1) interest bearing	375	7.0	529	8.6	41.1	684	9.8	29.3	663	8.4	- 3.1
(2) noninterest bearing	1,000	18.6	1,021	16.5	2.1	1,228	17.6	20.3	1,513	19.2	23.2
b. long-term	528	9.8	640	10.4	21.1	756	10.8	18.2	847	10.8	12.1
(1) interest bearing	443	8.2	543	8.8	22.5	655	9.4	20.6	719	9.2	9.8
(2) noninterest bearing	85	1.6	97	1.6	13.5	101	1.5	4.6	128	1.6	26.6
Total Liabilities Plus Equity	$ 5,379	100.0%	$ 6,175	100.0%	14.8%	$ 6,993	100.0%	13.2%	$ 7,864	100.0%	12.5%
1. Fixed Assets 3/	$ 1,850	34.4%	$ 2,154	34.9%	16.4%	$ 2,430	34.8%	12.8%	$ 2,693	34.2%	10.8%
2. Current Assets	3,105	57.7	3,461	56.1	11.5	3,931	56.2	13.6	4,506	57.3	14.6
3. Other Assets 4/	425	8.0	560	9.1	31.9	631	9.0	12.6	665	8.5	5.4
Total Assets	$ 5,379	100.0%	$ 6,175	100.0%	14.8%	$ 6,993	100.0%	13.2%	$ 7,864	100.0%	12.5%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table IVb

CHEMICAL AND ALLIED 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 1,120	60.2%	$ 1,254	61.9%	12.0%	$ 1,270	66.1%	1.3%	$ 1,316	66.7%	3.6%
a. majority equity	951	51.1	1,042	51.4	9.6	1,082	56.3	3.9	1,134	57.5	4.8
b. liabilities to parent	169	9.1	212	10.5	25.3	188	9.8	-11.5	182	9.2	- 3.2
2. Minority Equity	144	7.8	165	8.2	14.4	126	6.6	-23.8	130	6.6	3.3
3. Liabilities to Others 2/	597	32.1	608	30.0	1.9	525	27.4	-13.6	528	26.8	.5
a. short-term	258	13.9	243	12.0	- 6.1	271	14.1	11.9	291	14.7	7.1
(1) interest bearing	72	3.9	45	2.2	-37.6	68	3.5	51.6	88	4.5	29.8
(2) noninterest bearing	187	10.0	198	9.8	6.0	204	10.6	2.9	203	10.3	- .5
b. long-term	339	18.2	365	18.0	7.9	254	13.2	-30.5	237	12.0	- 6.5
(1) interest bearing	251	13.5	252	12.5	.5	162	8.5	-35.6	144	7.3	-11.6
(2) noninterest bearing	87	4.7	113	5.6	29.4	91	4.8	-19.1	94	4.8	2.4
Total Liabilities Plus Equity	$ 1,861	100.0%	$ 2,026	100.0%	8.9%	$ 1,921	100.0%	- 5.2%	$ 1,973	100.0%	2.7%
1. Fixed Assets 3/	$ 976	52.4%	$ 1,050	51.8%	7.6%	$ 929	48.3%	-11.5%	$ 953	48.3%	2.7%
2. Current Assets	738	39.7	770	38.0	4.4	813	42.4	5.6	854	43.3	5.0
3. Other Assets 4/	147	7.9	206	10.2	40.1	179	9.3	-13.2	167	8.4	- 6.9
Total Assets	$ 1,861	100.0%	$ 2,026	100.0%	8.9%	$ 1,921	100.0%	- 5.2%	$ 1,973	100.0%	2.7%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table IVc

CHEMICAL AND ALLIED 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969 **

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total**	$ Millions	% of Total**	$ Millions	% of Total**	$ Millions	% of Total**	$ Millions	% of Total**	$ Millions	% of Total**
SOURCES OF FUNDS	$ 1,020	100.0%	$ 1,052	100.0%	$ 1,142	100.0%	$ 258	100.0%	$ - 20	100.0%	$ 143	100.0%
1. Direct Investment	459	45.0	325	30.8	516	45.2	134	51.9	17	--	46	32.2
a. Retained Earnings***	150	14.7	166	15.8	350	30.7	22	8.5	11	--	32	22.4
b. Capital Transfers	309	30.3	159	15.1	166	14.5	112	43.4	6	--	14	9.8
(1) Equity	193	18.9	147	14.0	97	8.5	69	26.7	30	--	20	14.0
(2) Liabilities to Parent	116	11.4	12	1.1	69	6.0	43	16.7	- 24	--	- 6	- 4.2
2. Equity Contributions of Minority Stockholders	52	5.1	13	1.3	--	--	21	8.0	- 39	--	4	2.9
3. Affiliate Liabilities to Others 2/	286	28.1	478	45.4	355	31.1	11	4.3	- 83	--	3	1.8
a. Short-Term	175	17.1	362	34.3	264	23.1	- 16	- 6.1	29	--	19	13.4
b. Long-Term	111	10.9	116	11.1	91	8.0	27	10.4	-111	--	-17	-11.6
4. Depreciation	223	21.9	236	22.4	271	23.8	93	35.9	85	--	90	63.1
USES OF FUNDS	$ 1,020	100.0%	$ 1,054	100.0%	$ 1,142	100.0%	$ 258	100.0%	$ - 20	100.0%	$ 143	100.0%
1. Current Assets	357	35.0	470	44.6	575	50.3	32	12.5	43	--	40	28.0
2. Fixed Assets 3/	527	51.7	513	48.7	534	46.7	167	64.6	- 36	--	115	80.4
3. Other Assets 4/	136	13.3	71	6.7	33	2.9	59	22.9	- 27	--	-12	- 8.4

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table IVd

CHEMICAL & ALLIED

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	415	407	661	584	96	78	93	109
Revenue (Millions of $) 6/	5,443	6,082	6,880	7,903	1,728	1,780	1,856	2,037
Ratios:								
Earnings/Revenue	.076	.067	.096	.074	.056	.044	.050	.053
Earnings/Total Assets	.077	.066	.095	.074	.052	.039	.048	.055
Debt/Equity 7/	.543	.564	.614	.612	.500	.400	.357	.357
Earnings/Equity	.119	.102	.153	.121	.076	.055	.067	.075
Earnings/Long-Term Debt +Net Worth	.104	.088	.130	.103	.060	.044	.056	.065
Fixed Assets/Revenue	.340	.354	.353	.341	.565	.590	.500	.468
Total Assets/Revenue	.988	1.015	1.016	.995	1.077	1.138	1.035	.969

* The numbered footnotes are shown on final page.

Table Va

ELECTRICAL MACHINERY 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 1,488	42.1%	$ 1,958	43.3%	31.6%	$ 2,047	39.8%	4.5%	$ 2,398	40.0%	17.1%
a. majority equity	1,166	33.0	1,488	32.9	27.6	1,590	30.9	6.9	1,842	30.7	15.8
b. liabilities to parent	322	9.1	470	10.4	46.1	457	8.9	- 2.8	556	9.3	21.6
2. Minority Equity	129	3.7	139	3.1	7.6	160	3.1	14.7	169	2.8	5.9
3. Liabilities to Others 2/	1,913	54.2	2,428	53.7	26.9	2,935	57.1	20.9	3,428	57.2	16.8
a. short-term	1,333	37.8	1,699	37.6	27.5	2,009	39.1	18.2	2,333	38.9	16.2
(1) interest bearing	533	15.1	825	18.2	54.6	887	17.3	7.6	1,058	17.7	19.3
(2) noninterest bearing	799	22.6	875	19.3	9.4	1,121	21.8	28.2	1,275	21.3	13.7
b. long-term	581	16.4	729	16.1	25.6	927	18.0	27.1	1,094	18.3	18.1
(1) interest bearing	374	10.6	483	10.7	29.4	628	12.2	30.0	770	12.8	22.5
(2) noninterest bearing	207	5.9	246	5.4	18.7	298	5.8	21.5	325	5.4	8.8
Total Liabilities Plus Equity	$ 3,531	100.0%	$ 4,526	100.0%	28.2%	$ 5,143	100.0%	13.6%	$ 5,995	100.0%	16.6%
1. Fixed Assets 3/	$ 990	28.1%	$ 1,307	28.9%	32.0%	$ 1,512	29.4%	15.6%	$ 1,639	27.3%	8.4%
2. Current Assets	2,130	60.3	2,736	60.5	28.5	3,188	62.0	16.5	3,667	61.2	15.0
3. Other Assets 4/	410	11.6	483	10.7	17.6	444	8.6	- 8.0	690	11.5	55.4
Total Assets	$ 3,531	100.0%	$ 4,526	100.0%	28.2%	$ 5,143	100.0%	13.6%	$ 5,995	100.0%	16.6%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table Vb

ELECTRICAL MACHINERY 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 685	51.1%	$ 1,002	53.6%	46.2%	$ 1,183	57.7%	18.1%	$ 1,077	52.9%	33.1%
a. majority equity	578	43.1	703	37.6	21.7	809	39.5	15.1	873	42.9	7.9
b. liabilities to parent	107	8.0	299	16.0	180.7	374	18.2	24.8	204	10.0	-45.4
2. Minority Equity	104	7.8	112	6.0	7.3	116	5.7	3.9	129	6.4	11.4
3. Liabilities to Others 2/	552	41.2	758	40.5	37.2	751	36.6	- .9	830	40.8	10.5
a. short-term	290	21.6	392	20.9	35.1	421	20.6	7.5	445	21.8	5.5
(1) interest bearing	90	6.7	156	8.3	73.4	153	7.5	- 2.1	219	10.8	43.4
(2) noninterest bearing	200	14.9	236	12.6	17.8	268	13.1	13.9	225	11.1	-16.1
b. long-term	262	19.6	366	19.6	39.6	330	16.1	- 9.9	385	18.9	16.8
(1) interest bearing	234	17.5	355	19.0	51.4	306	14.9	-13.8	306	15.0	--
(2) noninterest bearing	28	2.1	11	.6	-59.7	24	1.2	111.0	79	3.9	233.7
Total Liabilities Plus Equity	$ 1,341	100.0%	$ 1,872	100.0%	39.6%	$ 2,050	100.0%	9.5%	$ 2,036	100.0%	- .7%
1. Fixed Assets 3/	$ 664	49.6%	$ 783	41.8%	17.9%	$ 923	45.1%	17.9%	$ 1,017	50.0%	10.1%
2. Current Assets	608	45.4	935	49.9	53.7	1,028	50.2	10.0	849	41.7	-17.4
3. Other Assets 4/	68	5.1	154	8.2	126.5	98	4.8	-36.2	170	8.4	72.9
Total Assets	$ 1,341	100.0%	$ 1,872	100.0%	39.6%	$ 2,050	100.0%	9.5%	$ 2,036	100.0%	- .7%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table Vc

ELECTRICAL MACHINERY 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969 **

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 1,216	100.0%	$ 852	100.0%	$ 1,109	100.0%	$ 593	100.0%	$ 246	100.0%	$ 67	100.0%
1. Direct Investment	469	38.6	90	10.5	351	31.7	319	53.8	180	73.2	-106	-158.2
a. Retained Earnings***	70	5.8	210	24.6	115	10.4	259	43.7	81	32.9	- 35	- 52.2
b. Capital Transfers	399	32.8	-120	-14.1	236	21.3	60	10.1	99	40.3	- 71	-105.9
(1) Equity	251	20.6	-107	-12.6	137	12.4	-133	-22.4	25	10.2	99	147.8
(2) Liabilities to Parent	148	12.2	- 13	- 1.5	99	8.9	193	32.5	74	30.1	-170	-253.7
2. Equity Contributions of Minority Stockholders	10	.8	20	2.4	9	.8	8	1.3	4	1.8	13	19.4
3. Affiliate Liabilities to Others 2/	515	42.3	507	59.5	492	44.4	206	34.7	- 7	- 2.8	79	117.9
a. Short-Term	367	30.1	309	36.3	325	29.3	102	17.2	29	12.0	23	34.7
b. Long-Term	148	12.2	198	23.2	168	15.1	104	17.5	-36	-14.8	56	82.9
4. Depreciation	222	18.2	234	27.5	257	23.2	61	10.3	68	27.8	81	120.9
USES OF FUNDS	$ 1,216	100.0%	$ 852	100.0%	$ 1,109	100.0%	$ 593	100.0%	$ 246	100.0%	$ 67	100.0%
1. Current Assets	606	49.8	452	53.0	479	43.2	327	55.1	93	37.9	-179	-267.6
2. Fixed Assets 3/	538	44.3	439	51.5	384	34.6	180	30.4	209	84.8	174	260.1
3. Other Assets 4/	72	5.9	- 39	- 4.6	246	22.2	86	14.5	56	-22.7	72	107.5

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table Vd

ELECTRICAL MACHINERY

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	300	280	761	613	53	56	67	58
Revenue (Millions of $) 6/	3,167	4,136	4,751	5,681	1,315	1,539	1,697	1,884
Ratios:								
Earnings/Revenue	.095	.068	.160	.108	.040	.036	.040	.031
Earnings/Total Assets	.085	.062	.148	.102	.040	.030	.033	.029
Debt/Equity 7/	1.188	1.143	1.318	1.308	.750	.727	.615	.667
Earnings/Equity	.186	.134	.345	.239	.067	.050	.052	.048
Earnings/Long-Term Debt + Net Worth	.136	.099	.243	.167	.050	.038	.041	.036
Fixed Assets/Revenue	.313	.316	.318	.288	.505	.509	.544	.540
Total Assets/Revenue	1.115	1.094	1.082	1.055	1.019	1.217	1.208	1.081

* The numbered footnotes are shown on final page.

Table VIa

NON-ELECTRICAL MACHINERY 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 2,779	62.4%	$ 2,949	61.4%	6.1%	$ 3,244	58.6%	10.0%	$ 3,958	57.4%	22.0%
a. majority equity	2,185	49.1	2,268	47.2	3.8	2,598	46.9	14.6	3,189	46.3	22.7
b. liabilities to parent	594	13.3	681	14.2	14.7	646	11.7	- 5.2	769	11.2	19.0
2. Minority Equity	53	1.2	54	1.1	1.7	59	1.1	8.3	56	.8	- 3.9
3. Liabilities to Others 2/	1,623	36.4	1,801	37.5	11.0	2,237	40.4	24.2	2,881	41.8	28.8
a. short-term	1,261	28.3	1,336	27.8	5.9	1,660	30.0	24.3	2,154	31.2	29.7
(1) interest bearing	495	11.1	511	10.6	3.3	636	11.5	24.4	791	11.5	24.3
(2) noninterest bearing	766	17.2	825	17.2	7.6	1,024	18.5	24.2	1,363	19.8	33.1
b. long-term	361	8.1	465	9.7	28.8	576	10.4	23.8	727	10.6	26.2
(1) interest bearing	266	6.0	347	7.2	30.1	431	7.8	24.4	528	7.7	22.4
(2) noninterest bearing	95	2.1	119	2.5	25.3	145	2.6	22.2	199	2.9	37.4
Total Liabilities Plus Equity	$ 4,455	100.0%	$ 4,805	100.0%	7.8%	$ 5,540	100.0%	15.3%	$ 6,895	100.0%	24.5%
1. Fixed Assets 3/	$ 1,685	37.8%	$ 1,932	40.2%	14.7%	$ 2,030	36.6%	5.0%	$ 2,333	33.8%	15.0%
2. Current Assets	2,425	54.4	2,665	55.5	9.9	3,234	58.4	21.4	4,116	59.7	27.3
3. Other Assets 4/	345	7.8	207	4.3	-39.9	276	5.0	33.1	445	6.5	61.4
Total Assets	$ 4,455	100.0%	$ 4,805	100.0%	7.8%	$ 5,540	100.0%	15.3%	$ 6,895	100.0%	24.5%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table VIb

NON-ELECTRICAL MACHINERY 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 587	68.8%	$ 636	66.5%	8.4%	$ 684	65.9%	7.6%	$ 799	66.0%	16.8%
a. majority equity	437	51.2	485	50.6	10.9	522	50.3	7.8	635	52.4	21.6
b. liabilities to parent	150	17.6	151	15.8	.5	162	15.6	7.4	164	13.5	1.0
2. Minority Equity	5	.6	12	1.3	156.2	12	1.1	-6.9	11	.9	-3.0
3. Liabilities to Others 2/	261	30.6	309	32.3	18.5	343	33.0	10.8	402	33.2	17.3
a. short-term	184	21.5	211	22.0	14.9	244	23.5	15.8	308	25.5	26.3
(1) interest bearing	94	11.0	131	13.7	39.4	138	13.3	5.3	179	14.8	29.5
(2) noninterest bearing	89	10.5	80	8.3	-11.0	106	10.2	33.2	129	10.7	22.2
b. long-term	78	9.1	98	10.3	27.0	98	9.5	--	93	7.7	-5.1
(1) interest bearing	73	8.6	92	9.6	25.5	95	9.1	3.3	88	7.2	-7.4
(2) noninterest bearing	5	.5	7	.7	49.9	4	.4	-42.9	6	.5	49.6
Total Liabilities Plus Equity	$ 853	100.0%	$ 957	100.0%	12.2%	$ 1,038	100.0%	8.5%	$ 1,211	100.0%	16.7%
1. Fixed Assets 3/	$ 251	29.4%	$ 307	32.1%	22.6%	$ 299	28.8%	- 2.6%	$ 332	27.4%	10.8%
2. Current Assets	532	62.4	591	61.8	11.1	669	64.4	13.1	774	63.9	15.8
3. Other Assets 4/	70	8.2	59	6.1	-16.6	70	6.8	20.1	106	8.7	49.9
Total Assets	$ 853	100.0%	$ 957	100.0%	12.2%	$ 1,038	100.0%	8.5%	$ 1,211	100.0%	16.7%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table VIc

NON-ELECTRICAL MACHINERY 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969**

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 837	100.0%	$ 1,295	100.0%	$ 1,999	100.0%	$ 174	100.0%	$ 167	100.0%	$ 269	100.0%
1. Direct Investment	169	20.2	296	22.9	713	35.7	49	28.2	49	29.3	115	42.7
a. Retained Earnings***	87	10.4	368	28.4	435	21.8	39	22.4	30	18.0	48	17.8
b. Capital Transfers	82	9.8	- 72	- 5.6	278	13.9	10	5.7	19	11.4	67	24.9
(1) Equity	- 5	- .6	- 37	- 2.9	155	7.8	9	5.2	8	4.8	65	24.2
(2) Liabilities to Parent	87	10.4	- 35	- 2.7	123	6.2	1	.6	11	6.6	2	.7
2. Equity Contributions to Minority Stockholders	1	.1	4	.4	- 2	- .1	8	4.5	- 1	- .5	--	- .1
3. Affiliate Liabilities to Others 2/	179	21.4	435	33.6	644	32.2	48	27.6	33	20.0	59	22.0
a. Short-Term	75	8.9	324	25.1	493	24.7	27	15.6	33	20.0	64	23.9
b. Long-Term	104	12.4	111	8.6	151	7.6	21	12.0	--	--	- 5	- 1.9
4. Depreciation	488	58.3	560	43.2	644	32.2	69	39.7	85	51.2	96	35.5
USES OF FUNDS	$ 837	100.0%	$ 1,295	100.0%	$ 1,999	100.0%	$ 174	100.0%	$ 167	100.0%	$ 269	100.0%
1. Current Assets	240	28.7	569	44.0	882	44.1	59	33.9	77	46.1	106	39.3
2. Fixed Assets 3/	735	87.8	657	50.7	948	47.4	127	73.0	77	46.1	128	47.7
3. Other Assets 4/	-138	-16.5	69	5.3	169	8.5	- 12	- 6.9	13	7.8	35	13.0

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table VId

NON-ELECTRICAL MACHINERY

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969 1/*

	ALL SCHEDULES				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	290	317	488	559	47	48	51	70
Revenue (Millions of $) 6/	4,044	4,420	5,112	6,348	1,019	1,092	1,148	1,406
Ratios:								
Earnings/Revenue	.072	.072	.095	.088	.046	.044	.044	.050
Earnings/Total Assets	.065	.066	.088	.081	.056	.051	.049	.058
Debt/Equity 7/	.552	.600	.667	.707	.500	.500	.429	.500
Earnings/Equity	.102	.106	.148	.139	.079	.074	.073	.086
Earnings/Long-Term Debt + Net Worth	.091	.091	.126	.118	.070	.064	.064	.078
Fixed Assets/Revenue	.417	.437	.397	.368	.246	.281	.261	.236
Total Assets/Revenue	1.102	1.087	1.084	1.086	.837	.877	.904	.862

* The numbered footnotes are shown on final page.

Table VIIa

TRANSPORTATION EQUIPMENT 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1967**

ALL SCHEDULES (excluding Canada)

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 2,560	48.3%	$ 2,765	48.1%	8.0%	$ 2,925	47.4%	5.8%	$ 3,296	46.1%	12.7%
a. majority equity	2,196	41.4	2,312	40.2	5.3	2,504	40.6	8.3	2,792	39.0	11.5
b. liabilities to parent	364	6.9	453	7.9	24.5	421	6.8	- 7.2	504	7.1	19.9
2. Minority Equity	93	1.8	177	3.1	90.8	171	2.8	- 3.3	159	2.2	- 7.3
3. Liabilities to Others 2/	2,654	50.0	2,813	48.9	6.0	3,072	49.8	9.2	3,702	51.7	20.5
a. short-term	2,041	38.5	1,992	34.6	- 2.4	2,301	37.3	15.5	2,870	40.1	24.7
(1) interest bearing	919	17.3	817	14.2	-11.1	866	14.0	6.0	1,086	15.2	25.4
(2) noninterest bearing	1,122	21.1	1,174	20.4	4.7	1,435	23.3	22.2	1,784	24.9	24.3
b. long-term	613	11.5	822	14.3	34.1	771	12.5	- 6.1	832	11.6	7.9
(1) interest bearing	420	7.9	592	10.3	41.2	511	8.3	-13.7	517	7.2	1.0
(2) noninterest bearing	193	3.6	229	4.0	18.7	260	4.2	13.5	316	4.4	21.5
Total Liabilities Plus Equity	$ 5,307	100.0%	$ 5,756	100.0%	8.5%	$ 6,168	100.0%	7.2%	$ 7,158	100.0%	16.1%
1. Fixed Assets 3/	$ 2,436	45.9%	$ 2,809	48.8%	15.3%	$ 2,790	45.2%	- .7	$ 2,852	39.9%	2.2%
2. Current Assets	2,734	51.5	2,705	47.0	- 1.1	3,123	50.6	15.5	3,970	55.5	27.1
3. Other Assets 4/	137	2.6	242	4.2	77.5	255	4.1	5.1	335	4.7	31.6
Total Assets	$ 5,307	100.0%	$ 5,756	100.0%	8.5%	$ 6,168	100.0%	7.2%	$ 7,158	100.0%	16.1%

* The numbered footnotes are shown on final page.

** Details may not add to totals because of rounding.

Table VIIb

TRANSPORTATION EQUIPMENT 1/*

STRUCTURE OF FOREIGN AFFILIATE ASSETS AND LIABILITIES, 1966 - 1969**

CANADA

	1966		1967			1968			1969		
	$ Millions	% of Total	$ Millions	% of Total	% Change 1966-67	$ Millions	% of Total	% Change 1967-68	$ Millions	% of Total	% Change 1968-69
1. Direct Investment	$ 1,027	62.1%	$ 1,119	59.5%	9.0%	$ 1,179	55.3%	5.4%	$ 1,400	58.1%	18.7%
a. majority equity	545	33.0	653	34.7	20.0	777	36.5	19.0	981	40.7	26.3
b. liabilities to parent	482	29.2	466	24.8	- 3.2	402	18.9	-13.8	419	17.4	4.4
2. Minority Equity	50	3.0	50	2.7	1.0	53	2.5	5.3	55	2.3	3.1
3. Liabilities to Others 2/	575	34.8	711	37.8	23.6	899	42.2	26.4	955	39.6	6.3
a. short-term	509	30.8	612	32.6	20.4	785	36.8	28.1	844	35.0	7.6
(1) interest bearing	162	9.8	243	12.9	50.0	316	14.8	30.0	430	17.9	36.2
(2) noninterest bearing	346	21.0	369	19.6	6.6	468	22.0	26.9	414	17.2	-11.7
b. long-term	67	4.1	99	5.3	47.5	114	5.4	15.7	111	4.6	- 2.5
(1) interest bearing	20	1.2	36	1.9	84.5	35	1.7	- 2.0	33	1.4	- 7.8
(2) noninterest bearing	47	2.9	63	3.3	32.2	79	3.7	25.9	79	3.3	- .2
Total Liabilities Plus Equity	$ 1,652	100.0%	$ 1,881	100.0%	13.9%	$ 2,131	100.0%	13.3%	$ 2,411	100.0%	13.2%
1. Fixed Assets 3/	$ 559	33.9%	$ 637	33.9%	14.0%	$ 654	30.7%	2.6%	$ 678	28.1%	3.7%
2. Current Assets	1,018	61.7	1,169	62.2	14.8	1,376	64.6	17.7	1,571	65.2	14.2
3. Other Assets 4/	74	4.5	74	4.0	.5	101	4.7	35.8	162	6.7	60.3
Total Assets	$ 1,652	100.0%	$ 1,881	100.0%	13.9%	$ 2,131	100.0%	13.3%	$ 2,411	100.0%	13.2%

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.

Table VIIc

TRANSPORTATION EQUIPMENT 1/*

SOURCES AND USES OF FUNDS OF MAJORITY-OWNED FOREIGN AFFILIATES, 1967 - 1969**

	ALL SCHEDULES (excl. Canada)						CANADA					
	1967		1968		1969		1967		1968		1969	
	$ Millions	% of Total	$Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total	$ Millions	% of Total
SOURCES OF FUNDS	$ 1,134	100.0%	$ 1,175	100.0%	$ 1,480	100.0%	$ 448	100.0%	$ 492	100.0%	$ 441	100.0%
1. Direct Investment	204	18.0	159	13.5	373	25.2	93	20.8	60	12.2	222	50.3
a. Retained Earnings***	20	1.8	99	8.4	224	15.1	339	75.7	3,669	745.7	244	55.3
b. Capital Transfers	184	16.2	60	5.1	149	10.1	-246	-54.9	-3,609	-733.5	- 22	- 5.0
(1) Equity	95	8.4	93	7.9	65	4.4	-230	-51.3	-3,545	-720.5	- 40	- 9.1
(2) Liabilities to Parent	89	7.9	- 33	- 2.8	84	5.7	- 16	- 3.6	- 64	- 13.0	18	4.1
2. Equity Contributions of Minority Stockholders	84	7.4	- 6	- .5	- 12	- .8	1	.1	3	.5	2	.4
3. Affiliate Liabilities to Others 2/	160	14.1	259	22.1	630	42.6	136	30.3	188	38.2	57	12.8
a. Short-Term	- 49	- 4.4	310	26.4	569	38.4	104	23.2	172	35.0	59	13.5
b. Long-Term	209	18.4	- 50	- 4.3	61	4.1	32	7.1	15	3.2	- 3	- .7
4. Depreciation	686	60.5	762	64.9	490	33.1	219	48.8	242	49.2	161	36.5
USES OF FUNDS	$ 1,134	100.0%	$ 1,175	100.0%	$ 1,480	100.0%	$ 448	100.0%	$ 492	100.0%	$ 441	100.0%
1. Current Assets	- 30	- 2.6	419	35.7	847	57.2	151	33.7	206	42.0	195	44.2
2. Fixed Assets 3/	1,058	93.3	743	63.3	552	37.3	297	66.2	259	52.6	185	42.0
3. Other Assets 4/	106	9.3	13	1.1	81	5.5	--	--	27	5.5	61	13.8

* The numbered footnotes are shown on final page.
** Details may not add to totals because of rounding.
*** Estimated from Form FDI-102 data.

Table VIId

TRANSPORTATION EQUIPMENT 1/*

SELECTED FINANCIAL DATA FOR FOREIGN AFFILIATES, 1966 - 1969

	ALL SCHEDULES (excl. Canada)				CANADA			
	1966	1967	1968	1969	1966	1967	1968	1969
Earnings (Millions of $) 5/	324	294	423	458	85	96	135	152
Revenue (Millions of $) 6/	6,517	6,797	7,481	8,675	3,131	3,516	4,324	5,402
Ratios:								
Earnings/Revenue	.050	.043	.057	.053	.027	.027	.031	.028
Earnings/Total Assets	.061	.051	.069	.064	.051	.051	.063	.063
Debt/Equity 7/	1.000	.933	1.000	1.057	.545	.583	.692	.667
Earnings/Equity	.122	.100	.137	.133	.079	.082	.110	.104
Earnings/Long-Term Debt + Net Worth	.099	.078	.109	.107	.074	.076	.100	.097
Fixed Assets/Revenue	.374	.413	.373	.329	.179	.181	.151	.126
Total Assets/Revenue	.814	.847	.824	.825	.528	.535	.493	.446

* The numbered footnotes are shown on final page.

Footnotes to Survey Tables

1/ Industry groupings by two and three digit Standard Industrial Classification Codes are as follows:

Industries	SIC Code
a. Extractive Industries	10 to 14 and 29
b. Manufacturing	19 to 39 excl. 29
c. Chemical and Allied	28
d. Electrical Machinery	36
e. Non-Electrical Machinery	35
f. Transportation Equipment	371 to 375, and 379

2/ Includes liabilities to other U. S. persons. For example, in 1967 12.6 percent of such long-term liabilities reported for Scheduled Areas A, B and C were owed to U. S. residents. The comparable figure for Canada was 24.7 percent. In 1968, the corresponding figures were 13.1 percent and 19.1 percent, respectively.

3/ The increases in fixed assets shown in the Sources of Funds (Tables Ic - VIIc) refer to increases in gross fixed assets before allowances for depreciation. Fixed assets shown in all other tables are net fixed assets, i.e., net of accumulated depreciation.

4/ Other Assets include long-term receivables and intangibles. Rounding errors and other minor statistical discrepancies were attributed to this category.

5/ Total earnings of majority-owned foreign affiliates are net of foreign taxes, and are estimated from cumulative quarterly report Form FDI-102 data for direct investors reporting in this survey. They reflect transactions with the domestic operating units of the U. S. direct investor and unrelated foreigners, but exclude earnings arising from transactions with majority-owned foreign affiliates of the same direct investor.

6/ Revenue is net of allowances and returns. It includes sales, service, rents, interest, royalties and dividends arising from transactions with the domestic operating units of the U. S. direct investor and unrelated foreigners, but excludes earnings arising from transactions with majority-owned foreign affiliates of the same direct investor.

7/ In the computation of the debt-equity ratio, liabilities of the affiliate to the U. S. parent firm were counted as equity. Equity includes minority equity as well.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1971—481-323/10